

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 NSC-05 SAM-01 CIAE-00 DODE-00

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2758

INFO AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

USMISSION NATO

USCINCEUR VAIHINGEN GER

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

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EO 11652: N/A

TAGS: ECON, ELAB, PO

SUBJ: TOURISM SITUATION REMAINS BLEAK

REFS: (A) LISBON 1859; (B) LISBON 2598

1. HOTEL AND RESTAURANT WORKERS CAME TO AGREEMENT WITH OWNERS AND FURTHER STOPPAGES (REFTEL B) WERE AVERTED. WORKERS REDUCED THEIR WAGE DEMANDS AND MANAGEMENT AGREED TO ABOLISH SERVICE CHARGES.

2. FINALLY ACKNOWLEDGING DEPTH OF CRISIS IN TOURIST INDUSTRY IN THE ALGARVE (REFTEL A), COUNCIL OF MINISTERS HAS CREATED A REGIONAL ADMINISTRATIVE COMMISSION FOR THAT
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PROVINCE. IT IS COMPOSED OF REPRESENTATIVES FROM TOURISM,

FINANCE, HOUSING AND URBANISM, AND PUBLIC WORKS SECRETARIATS, INATEL (WORKER VACATION AND CULTURAL INSTITUTE, SUCCESSOR TO FNAT), AND INTERSINDICAL. IT WILL HAVE POWER TO INTERVENE, WHETHER THROUGH INQUIRY, RECONVERSION, OR ACTUAL MANAGEMENT, IN WHAT COMMUNICATIONS MINISTER JESUINO RECENTLY DESCRIBED AS THE "GREAT NUMBER" OF FIRMS IN DIFFICULTY. DELEGATES IN INTERVENED FIRMS WILL HAVE TO BE APPROVED BY WORKERS. COMMISSION WILL INITIALLY HAVE 11 INTERVENED FIRMS UNDER ITS JURISDICTION.

3. PANAM OFFICIAL TOLD EMBOFF THAT AS RESULT OF "HARASSMENT" (EXTENSIVE LUGGAGE AND BODY SEARCHES) OF GROUP OF TRAVEL AGENTS AT END OF MARCH, THE AGENTS DIVERTED 18 GROUP FLIGHTS OF 180 TOURISTS EACH TO MALAGA, SPAIN. OFFICIAL ESTIMATED TOTAL LOSS TO ECONOMY AT 1.7 MISSION DOLLARS.

4. EMBASSY HAS LEARNED THAT RITZ HOTEL IS UNDER DE FACTO SELF-MANAGEMENT (PARA 5, REFTEL B) BECAUSE OWNER AND DIRECTORS HAVE APPARENTLY IN EFFECT ABANDONED HOTEL. PORTUGUESE LADY OWNER IS OUT OF COUNTRY. HOTEL HAS BEEN UNDER MANAGEMENT BY BELGIAN RITZ HOTEL GROUP. HOWEVER, EARLY THIS YEAR ALL DIRECTORS OF LOCAL SUBSIDIARY RESIGNED AND HOTEL MANAGER HAS BEEN UNABLE TO GET RESPONSE TO LETTERS FOR SEVERAL MONTHS. RITZ WAS BENEFICIARY OF LAST WEEK'S STOPPAGES AS JOURNALISTS AND OTHERS MOVED THERE EN MASSE. EXCEPT FOR THAT IT HAS REMAINED ALMOST EMPTY.

5. COMMENT: IT SEEMS FAIRLY CLEAR THAT HOTEL CLOSURES FORESEEN IN REFTEL (A) WILL NOT TAKE PLACE (AT LEAST IN NEAR FUTURE) AS GOVERNMENT WILL INTERVENE IN ORDER TO KEEP THEM IN OPERATION. TOURISM SITUATION REMAINS VERY BLEAK.
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